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March 26, 2021

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk / Executive Director  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: Public Service Commission Review of South Carolina Code of Regulations  
Chapter 103 Pursuant to S.C. Code Ann. Section 1-23-120(J)

Docket No. 2020-247-A

**LETTER FROM BLUE GRANITE WATER COMPANY REGARDING  
MINIMUM FILING REQUIREMENTS FOR RATE CASE APPLICATIONS**

Dear Ms. Boyd:

I am filing this letter on behalf of Blue Granite Water Company (the "Company") pursuant to the Notice of Review filed in the above-referenced docket as related to S.C. Code Ann. Reg. 103-823 of the Commission's regulations and potential adoption of Minimum Filing Requirements ("MFRs"). The Company appreciates this opportunity to provide input in this process and intends to participate in the workshop scheduled for April 5, 2021.

The Company wishes to make clear that, in spite of the voluminous nature of the proposed MFRs, due to the inherent variety of workpapers and datasets between utilities, MFRs will be unable to adequately represent or encompass the entirety of a utility's rate filing. For that reason, the Company will need to file additional workpapers along with the MFRs to fully support its rate request. These workpapers integrate and work together with the other existing schedules prepared by the Company for rate case applications. In light of this, the utility should be permitted to simply reference a filing exhibit, schedule, or workpaper that is submitted with the application that includes data required by an MFR rather than use a template schedule that does not map onto the Company's business records nor seamlessly integrate into substantive filing information. This will avoid duplication of documentation and unnecessarily large filings, and is a common practice in other jurisdictions with MFRs such as North Carolina. Further, duplicating data between the Company's schedules and the MFR schedules would add rate case costs for



customers and could cause confusion when reviewing the rate case application rather than make it easier to understand and review for all interested parties.

The Company has attached Exhibit A, which details its comments and recommendations on the Commission's proposed MFRs for water and wastewater utilities. In addition, the Company requests the Commission to clarify its proposal for the following MFRs:

- For all MFRs based on the Arkansas requirements, as well as the Format 12c MFR based on North Carolina's E-1, please confirm if utilities should file a version of each MFR for each rate division (Service Territory 1, 2, etc.), as well as separately for water and wastewater. Filing separate sets of MFRs will compound the data required and may require significantly more effort to prepare, whereas consolidated data as a minimum requirement, or for certain higher-level requests, would better balance the desire for more information with the digestibility of the filing documents, as well as prevent the multiplication of already added costs for customers.
- The Company notes that Format 12c in North Carolina's E-1 does not have a counterpart in the water and wastewater version of the North Carolina MFRs, W-1. In the W-1, item 12b is also limited to 3 years of history prior to the Test Year. This shorter term is consistent with the difference in rate filing frequency – water and wastewater utilities generally file base rate cases more frequently than electric or gas utilities. As such, the Company would request no more than three years of pre-Test Year historical information be provided for this MFR for water and wastewater utilities.
- For the Customer Satisfaction data, the Company would request the Commission to clarify if the data should cover the Test Year or some other period of time.
- The Company would note that several proposed MFRs would require confidential treatment, namely those surrounding executive benefits.
- The Company would request that an additional MFR be added that covers Regulatory or other Deferred Assets, similar to Arkansas' D-6.1.
- For Arkansas Schedule E-12, the Company notes that this information is readily supplied in Schedule E-11.1 or the Annual Report of the water and wastewater utilities.

While the Company is providing these comments on Commission Staff's proposal related to MFRs, the Company believes—based on the proposal's reference to the review of S.C. Code Ann. Regs. 103-823—that a rulemaking would be required to impose the MFRs on utilities. S.C. Code Ann. Regs. 103-823 addresses the form and contents of applications filed with the Commission, and the Company believes that a modification of that rule, through the rulemaking process prescribed by the S.C. Administrative Procedures Act ("APA"), S.C. Code Ann. § 1-23-10, *et seq.*, would be necessary for imposition of the MFRs. The Company therefore provides these comments on a preliminary basis and reserves its right to provide additional input at a later date consistent with the APA.



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Thank you for your consideration of these comments. A copy of this filing is also being provided to the Office of Regulatory Staff.

Kind regards,

Sam Wellborn

SJW:tch

Enclosure

c w/enc: Parties of Record (via email)  
Donald Denton, President (via email)  
Phil Drennan, Regional Director of FP&A (via email)

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## MINIMUM FILING REQUIREMENTS

<u>SCHEDULE</u> (AR or NC Reference)	<u>TITLE</u>		<u>EXCLUDE/MODIFY</u>	<u>NOTES/COMMENTS</u>
	<b>SUMMARY SCHEDULES</b>			
A-1	Full Revenue Requirements Increase Requested			
	<b>RATE BASE</b>			
B-1	Rate Base			Already Required
B-2	Rate Base Test Year Adjustments			
B-3	Derivation of Test Year Rate Base		<b>Exclude</b>	Only appropriate for hybrid Test Years, <b>not applicable for SC</b>
B-4	Calculation of Working Capital Assets		<b>Modify</b>	Should be modified to include 1/8th method
B-5	Average Working Capital Asset Balances			Exclude if using 1/8th method
B-6	Non-Utility Plant			
B-7	Plant Held for Future Use			
B-8	Construction Work in Progress			
B-9	Retirement Work in Progress			
B-10	Acquisition Adjustments			
	<b>NET OPERATING INCOME</b>			
C-1	Test Year and Pro-Forma Operating Income			Already Required
C-2	Operating Income Test Year Adjustments			
C-3	Derivation of Test Year Operating Income		<b>Exclude</b>	Only appropriate for hybrid Test Years, <b>not applicable for SC</b>
C-4	Calculation of Percentage of Uncollectible Expenses			
C-5	Revenue Conversion Factor			
C-6	Other Expenditures		<b>Modify</b>	Columns should be "Test Year" and "Pro-Forma", similar to C-8

<u>SCHEDULE</u>	<u>TITLE</u>		<u>EXCLUDE/MODIFY</u>	<u>NOTES/COMMENTS</u>
C-7	Advertising and Marketing		<b>Modify</b>	Columns should be "Test Year" and "Pro-Forma", similar to C-8
C-8	Taxes Other Than Income			
C-9	Investment Tax Credits			
C-10	Accumulated Deferred Income Taxes		<b>Modify</b>	Columns should be "Test Year" and "Pro-Forma Balance"
C-11	Current Income Tax			
C-12	Deferred Income Tax		<b>Modify</b>	Combine with C-11 for a single Income Tax Schedule
Format 12c	Salaries and Wages Expenses - Test Year and 5 Prior Calendar Years		<b>Modify</b>	Limit to 3 prior years of history
	<b>COST OF CAPITAL</b>			
D-1.1	Test Year Cost of Capital			
D-1.3	Pro-Forma Cost of Capital			Already Required
D-2.1	Test Year Cost of Long Term Debt			
D-2.3	Pro-Forma Cost of Long Term Debt			
D-3.1	Test Year Cost of Preferred Stock			
D-3.3	Pro-Forma Cost of Preferred Stock			
D-4	Cost of Common Equity			
D-5.1	Test Year Cost of Other Capital Items		<b>Modify</b>	Should reflect common SC line items
D-5.3	Pro-Forma Cost of Other Capital Items		<b>Modify</b>	Should reflect common SC line items
	<b>ASSETS AND LIABILITIES</b>			
Per BGWC	Deferred and Regulatory Assets		<b>Modify</b>	Add schedule to capture relevant deferred/regulatory asset balances
D-6.1	Current, Accrued, and Other Liabilities			
D-6.2	Liability Account Balances			
D-6.3	Interest Bearing Liabilities' Expense Information			
D-7	Advances for Construction and Contributions in Aid of Construction			
	<b>FINANCIAL STATEMENTS AND STATISTICS</b>			

<u>SCHEDULE</u>	<u>TITLE</u>		<u>EXCLUDE/MODIFY</u>	<u>NOTES/COMMENTS</u>
E-1	Balance Sheet - Total Company			Already Required
E-2	Income Statement - Total Company			Already Required
E-3	Other Income and Deductions		<b>Modify</b>	Remove columns 1 and 2, n/a for SC
E-4	Adjustments to Other Income and Deductions			
E-5	Audited Financial Statements			Will be confidential for non-public utilities
E-6	Standard Journal Entries			
E-9	Chart of Accounts			
E-10	Organizational Chart			Will be confidential
E-11.1	Test Year Billing Determinants			
E-11.2	Pro-Forma Billing Determinants		<b>Modify</b>	See H-1 and H-2 below
E-12	Operating Statistics		<b>Exclude</b>	Information is supplied in E-11.1 or Annual Reports
E-13	Other Operating Statistics		<b>Modify</b>	Limit to 3 prior years of history
E-14	AFUDC			
E-17	Trial Balance			
	<b>DEPRECIATION</b>			
F-1	Historical Test Year Depreciation Information			
F-2	Pro-Forma Depreciation Information			
	<b>COST OF SERVICE AND RATE DESIGN</b>			
G-1	Cost of Service Study - Summary			
G-2	Cost of Service Study - Rate Base Detail			
G-3	Cost of Service Study - Revenue and Expense Detail			
G-4	Development of Allocation Group			
G-5.2	Load Data and Rate Schedule or Class Information			
	<b>EFFECTS OF PROPOSED TARIFFS</b>			
H-1	Summary of Revenues by Rate Class - Present and Proposed Rates		<b>Exclude</b>	Redundant with E-11.2

<u>SCHEDULE</u>	<u>TITLE</u>		<u>EXCLUDE/MODIFY</u>	<u>NOTES/COMMENTS</u>
H-2	Analysis of Revenue by Detailed Rate Schedule		<b>Exclude</b>	Should be combined with E-11.2
H-3	Typical Bill Analysis		<b>Modify</b>	Should be titled "Bill Comparison"
H-4	Bill Frequency Analysis			Only required for changes in usage block levels
H-5	Derivations of Rate Designs by Rate Schedule			
H-7	Summary of Revenues by Rate Class - Present and Proposed Rates		<b>Exclude</b>	Redundant with E-11.2
H-10	Tariffs			Should include redlined and clean versions of proposed tariff
	<b>CREDIT HISTORY</b>			
per DCA	Bond Rating - 5 Years for Utility and Parent			
per DCA	Credit Watch - 5 Years for Utility and Parent			
per DCA	Credit Rating Reports - 5 Years from Major Bond Rating Agencies for Utility and Parent			
	<b>EXECUTIVE COMPENSATION</b>			
per DCA	Senior Executive Compensation			Will be confidential
per DCA	Executive Compensation Opportunity vs. Achieved			Will be confidential
	<b>PERFORMANCE AND OPERATIONS METRICS</b>			
per DCA	Number and Location of Complaints			See BGWC Comments
per DCA	Customers per Employee			
per DCA	Customers per Mile of Pipeline			
per DCA	Revenue per Employee			